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~~CONFIDENTIAL~~ KATHMANDU 0524

E.O. 12356: DECL: OADR
TAGS: PEPR, MASS, EAID, NP
SUBJECT: AFTERMATH OF THE US VISIT: GON EXPECTATIONS

1. ~~CONFIDENTIAL~~ ENTIRE TEXT.

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2. WITHOUT TOO MUCH ELSE TO OCCUPY THEM DURING THIS POLITICALLY SLOW WINTER PERIOD IN KATHMANDU, OUR FRIENDS IN THE GON ARE SPENDING TIME REFLECTING ON THE VISIT AND WHAT IT CAN MEAN IN TERMS OF INCREASED US HELP FOR NEPAL. IN THE WARM GLOW THAT CONTINUES TO SURROUND US-GON RELATIONS FOLLOWING KING BIRENDRA'S US VISIT, WE ARE, NOT SURPRISINGLY, ENCOUNTERING SOME EXCESSIVE AND UNREALISTIC EXPECTATIONS THAT THE VISIT HAS AROUSED WITHIN THE PALACE AND THE GON.

3. THE KING'S STATE VISIT TO THE US IS SEEN HERE AS A GREAT SUCCESS. THE WARM RECEPTION HE RECEIVED AND THE ATTENTION GIVEN NEPAL HAS PROVIDED A TREMENDOUS BOOST TO THE NEPALESE PEOPLE. THE HIGHLY-PUBLICIZED FOLLOW-ON VISIT OF CODEL MCHUGH HAS FED THIS EUPHORIA. THIS EUPHORIC MOOD HAS RAISED EXPECTATIONS, PARTICULARLY IN THE GOVERNMENT, THAT AMERICA'S ATTENTION WILL BE TRANSLATED INTO TANGIBLE RESULTS, WHICH HERE MEANS INCREASED FUNDS FLOWING TO NEPAL. WE ARE ALREADY HEARING ABOUT THIS, AND EXPECT TO HEAR A GOOD DEAL MORE.

4. THE FIRST HARD PUSH AFTER THE KING'S RETURN DECEMBER 31 CAME DURING CONGRESSMAN MCHUGH'S CALL ON WATER RESOURCES MINISTER PASHUPATI RANA. RANA, APPARENTLY CHOSEN BY THE GON TO MAKE A MONEY PITCH TO MCHUGH, WAS DIRECT. THE GON WANTS THE US TO FINANCE AN EIGHT MILLION DOLLAR ENGINEERING STUDY FOR THE KANKAI IRRIGATION/POWER PROJECT, PLUS HELP WITH THE SIKTA IRRIGATION PROJECT ADJOINING AID'S RAPTI ZONE DEVELOPMENT PROGRAM. (MCHUGH DEMURRED, NOTING OUR POLICY TO KEEP SUCH PROJECTS OUT OF US BILATERAL AID PROGRAMS.)

5. A WEEK LATER, ON JANUARY 23, NARAYAN PRASAD SHRESTHA, PRINCIPAL PRIVATE SECRETARY TO THE KING, SPEAKING WITH THE AMBASSADOR ALSO PUSHED FOR US ATTENTION TO NEPAL'S WATER DEVELOPMENT. WHILE ACCEPTING THAT THE US WOULD NOT GET INVOLVED BILATERALLY, SHRESTHA SAID HE DOES EXPECT MORE US SUPPORT FOR NEPAL'S INTERESTS WITHIN THE IBRD AND ADB AND WITH OTHER POTENTIAL DONORS, AS A RESULT OF THE KING'S VISIT.

6. MOVING TO OTHER TOPICS, SHRESTHA MADE IT CLEAR THAT HE-- PRESUMABLY SPEAKING FOR HIS SUPERIORS--FORESAW A NEW RELATIONSHIP

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IN WHICH THE US WOULD BE MORE FORTHCOMING IN THE VARIOUS KINDS OF HELP WE WOULD BE WILLING TO PROVIDE NEPAL. FROM THIS POSITION, SHRESTHA RAISED SECURITY ASSISTANCE. HE EXPRESSED DISAPPOINTMENT THAT WE WEREN'T PREPARED TO OFFER MORE THAN CONTINUED IMET IN THIS AREA, DESPITE REPEATED GON APPROACHES FOR EXPANSION OF OUR PROGRAM TO INCLUDE SOME MILITARY MATERIAL AID. (THE AMBASSADOR CONFIRMED THE FIRMNESS OF OUR POLICY IN THIS FIELD.)

7. FINALLY, IN A WRAP-UP CONVERSATION WITH AMBASSADOR BHEKH THAPA JANUARY 23, THAPA INFORMED US THAT, AS A RESULT OF THE VISIT, HE HAS BEEN CHARGED WITH PURSUING ACTIVELY GON OBJECTIVES IN THESE AREAS IN WASHINGTON. THAPA SAID HE APPRECIATES THAT HIS GOVERNMENT'S EXPECTATIONS WON'T BE MET BY THE US, AT LEAST IN THE NEAR TERM, AND HE IS CAUTIOUSLY TRYING TO EDUCATE OTHERS TO THIS REALITY. EVEN THAPA, HOWEVER, HOPES FOR A MORE FAVORABLE US ATTITUDE OVER THE LONGER TERM. WHILE THAPA WILL BE WORKING TO MANAGE GON EXPECTATIONS FROM THE WASHINGTON END, WE EXPECT TO FACE THEIR CONTINUED APPROACHES IN THE COMING WEEKS. THE CONSISTENT REITERATION OF OUR POSITIONS FROM BOTH ENDS--WASHINGTON AND HERE--SHOULD, IN THE LONG RUN, TAKE HOLD. IN THE MEANTIME, WE ARE ALL ENJOYING THE GOLDEN GLOW.

CHEEK

END OF MESSAGE

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